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Mr. Chairman, Ladies and Gentlemen of the Committe.

I am pleased to appear before you today to testify on behalf of the Administration's proposal to provide AWACS aircraft, aerial refueling tankers, and air defense enhancement items for the F-15 aircraft to the Kingdom of Saudi Arabia. This sale is a cornerstone of the President's policy to strengthen the strategic environment in the Persian Gulf and Indian Ocean region, an area in which we today confront an increasingly dangerous situation.

In this area of vital interest to us and our allies, we face a growing threat from the Soviet Union and its proxies. The sale of this equipment is an earnest of our commitment and determination to defend this area. The Soviet invasion of Afghanistan, the Iranian Revolution, the Iraq-Iran war, and increased Soviet influence in Ethiopia and South Yemen are all indicative of this dangerous trend. Since the Administration first notified the Congress of its intention to provide the air defense package to Saudi Arabia, three of the most intransigent nations of the region -- Libya, the Peoples Democratic Republic of Yemen, and Ethiopia -- signed a tripartite agreement which heightens the threat to moderate nations of the area. While it is too early to judge exactly what impact this new grouping will have on the region, it cannot help but add a new dimension of hostility to the interests of the United States and our friends in the region. This development makes even more urgent that the United States make a firm demonstration that we are interested in helping our friends in the area to preserve and defend their security. The package which is before you constitutes such a response.

I recognize the very real concerns that have made the Administration's decision to procede with the AWACS sale so controversial. We made this decision only after long and careful consideration. There is more at stake here than the important enhancement of the defensive capabilities of a friendly nation. What we are considering today is our own capacity to develop a strategy that will promote a lasting, comprehensive peace and will protect our vital interests in an historically combustible region, increasingly exposed to direct and indirect threats from the Soviet Union and its proxies.

The sale of defensive equipment to Saudi Arabia should be considered in the context of an integrated approach to the security of our interests and the interests of our friends and allies in the region. Our search for security in the Middle East is part of a coherent and consistant global strategy.

This Administration came to office with a mandate from the American people for change in U.S. foreign policy. But, as Secretary Haig has told the Congress, "even important and overdue change must be balanced by the need for consistency."

It is with a deep awareness of this need to balance the necessity for change with the necessity for consistancy that the Administration has formulated its overall foreign policy perspectives.

At the same time, there is another kind of balance that we must maintain, [redacted] the balance among the different elements of our foreign policy. We have to be fully aware that it is impossible to compensate for the neglect of one essential element by overemphasis on another.

This Administration's foreign policy is structured on such a balanced and comprehensive strategy. The rebuilding of America's economic and military strength, the deepening of cooperation with our friends and allies, the promotion of peaceful progress in the developing countries and our insistence on more responsible behavior by the Soviet Union and its proxies are mutually reinforcing elements of an integrated strategy.

We cannot succeed in combatting Soviet-inspired subversion in this hemisphere, or in Africa, unless we address the fundamental conditions that the Soviets seek to exploit. We are doing that in the Middle East as well as in other threatened areas of the world. This policy of peaceful progress in the developing world cannot succeed, however, if we fail to impose effective restraints on the use of force by the Soviet Union and its proxies such as Cuba, Libya, and others.

Nowhere is the necessity for balance among the different elements of our foreign policy more evident, more important, than in the Middle East. Here we have crucial political, economic, and strategic -- and even spiritual -- interests. Perhaps nowhere else are the emotions of the American people more intimately involved and readily aroused. And certainly nowhere else is the United States more directly challenged to protect its vital security interests and those of its friends and allies.

Let us look for a moment at some of the more unsettling recent developments:

-- The oil fields in the Persian Gulf, so vital to the U.S. and our European and Japanese allies, and so vulnerable to unexpected air attack, are threatened by local wars and by the military presence of the Soviet Union and its proxies in Afghanistan, South Yemen, Ethiopia and Libya.

-- The new entente between Libya, Ethiopia, and South Yemen -- three of the Soviets' closest collaborators in the area -- has been conceived explicitly in the context of enmity towards the United States, the moderate Arab countries, Israel, and the Camp David Peace Process, and is only the most recent of many threats to the security of our friends in the region.

-- Iran, which once served as a buffer between the Soviet Union and the Gulf and helped to maintain regional security, is torn by war and violence, and today the country's own instability threatens that of its neighbors. The Iran-Iraq war retains a potential for spreading to threaten neighboring countries.

--And the Arab-Israeli dispute divides some of our own closest friends -- friends upon all of whose whose cooperation we are dependent for the forging of a realistic and coherent regional strategy.

In approaching the Middle East, we dare not neglect either the complexities that characterize the region nor the threat of external intervention. The United States regards the peace process and the effort to counter Soviet and regional threats as mutually reinforcing. If our friends are more secure, they will be more able to take risks for peace. If there is progress in the peace process, security cooperation will be facilitated -- cooperation that is essential to deter intervention by the Soviet Union and its proxies. Indeed, progress in the peace process would close some of the doors through which the Soviet Union has obtained access to the region.

President Reagan has reaffirmed the deep American interest in the peace process and our commitment to the Camp David Accords during the recent visits of Prime Minister Begin and President Sadat. The participation of U.S. troops in a Sinai peacekeeping force is one measure of our determination to see peace succeed. Phil Habib's efforts as the President's personal emmissary to defuse the crisis in Lebanon constitute another. We strongly support the efforts of Israel and Egypt in their search for peace, and are pleased that they have joined us in resuming the autonomy talks.

The successful negotiation of a cease-fire in Lebanon has demonstrated how the friendly relations we enjoy with a number of Middle Eastern regimes can facilitate the cause of peace. We welcome the restraint shown by Israel which made Ambassador Habib's success possible. We welcome the active role of Saudi Arabia and the leadership it demonstrated among the moderate Arab factions that facilitated these efforts. Both were necessary for a step towards peace. We hope that further violence in Lebanon can be avoided. We look forward to rapid progress in the autonomy negotiations.

But while we recognize the significant dangers to peace in the region inherent in the Arab-Israeli dispute, even the most rapid progress possible on this issue will not do away with the many other problems with which the region is beset, such as the Iran-Iraq war, the tensions in the Horn of Africa and South Arabia, and potential anarchy in Iran. The danger of intervention by the Soviet Union or its proxies in these

conflicts must be anticipated and deterred.

We are building up American capabilities so that we can better contribute to the security of the region. But the use of American military force can only be considered as a last resort. And to deter major Soviet threats, for which our own role is indispensable, we also need the help of our friends, both in the region and outside it, whose interests are also engaged by the threat to Middle East security.

This is the reason we are pursuing intensified strategic cooperation with Israel and Egypt. This is also the reason we are pursing intensifed strategic cooperation with Saudi Arabia and many other concerned countries. The form and content of our cooperation is different in each case. We are -- and must be -- sensitive to both the political and military limitations on the contributions that different countries can usefully make. While we regret the legitimate differences in national interests which divide some of our friends, we remain convinced that means can be found through which mutual cooperation can lead to compromise and successful resolution of those differences.

Our broad strategic view of the Middle East recognizes the intimate connections between that region and adjacent areas. We are well aware that instability elsewhere in the region and on its borders can undermine the prospects for peace between Israel and its neighbors. A successful strategy will therefore require a very broad effort, and we are working with our European allies and other friendly states to strengthen the resolve and capabilities of those states presently under pressure from the Soviet Union and its proxies.

Our proposals to enhance the security of Saudi Arabia are a key element in our Middle East policy. They are not a condition for our plans to strengthen Israel; rather, they are a complement to it in a comprehensive and sophisticated regional strategy.

The proposed arms transaction will increase the Saudi's ability to defend themselves against local threats; they will directly assist U.S. forces deployed in the region; and they demonstrate our commitment to assist the Saudis against even greater dangers.

Our friendship with Saudi Arabia is not based solely on its role as an oil supplier. Saudi Arabia is a vital strategic partner located at the crossroads between Asia, Africa, and Europe. It is a nation whose oil wealth has and will continue to assist developing nations in the peaceful transition through the modernization process and to contribute to the general resolution of North - South issues.

Our friendly relationship dates to a period when the United States, not Saudi Arabia, was the world's leading oil

exporter. Our security relationship dates to Presidnt Franklin Roosevelt's determination to extend Lend-Lease assistance to Saudi Arabia in 1943, and to the historic meeting between President Roosevelt and King Abdul Aziz -- who had never before travelled outside the confines of his kingdom -- in 1945 aboard a U.S. warship in the Suez Canal.

Saudi Arabia has since proved itself an essential partner in our broader interests. Saudi assistance has been important in the past to states that broke away from the Soviet embrace, such as Egypt, Sudan, and Somalia. Saudi Arabia has provided important assistance to key regional states such as Jordan, Turkey, and Pakistan, and will continue to do so in the future. It has played an essential role in fostering the recent cease-fire in Lebanon, and has exercised a key leadership role in the newly formed Gulf Cooperation Council. We expect Saudi cooperation in fostering peace and stability to broaden as the Saudis feel themselves more secure.

Security cooperation is not a commodity to be bought or sold or haggled over, it is a process that must be based on mutual confidence and mutual interests. The question is whether the necessary basis of cooperation can survive if our commitment to Saudi Arabia's security is compromised. To deny Saudi Arabia this basic means of self-defense is to put in serious doubt the constancy of our support and our reliability as a strategic partner.

Following the deliberations of the Congress on this crucial decision in October, the Saudis will go to a new Arab Summit meeting in Rabat in November. They will face a strong challenge in this forum from the intrasigent states of the Rejectionist Front, which this week made new overtures for increased Soviet-Arab cooperation. Should we fail to support the Saudis in this important area of security cooperation, we will not only weaken their resolve to actively press for more moderate policy decisions among their Arab bretheren, but weaken their credability in the eyes of those we hope they will be able to lead.

There is no question that we have differences with Saudi Arabia on how best to move toward a common goal of a lasting Middle East peace. But American diplomacy in the Middle East has long been based on the need to work effectively with countries divided by deep differences.

This is difficult. Our ability to do so is why United States has played a uniquely positive role in the Middle East in a way that has not only served American interests but the interests of thhe moderate countries in the region and our European and Asian allies as well. It is an approach that emphasizes common concerns and seeks remedies to common problems

Our policy towards Saudi Arabia cannot be separated from

the present and historical environment in which our relations take place. It is influenced by the consultations and actions of the previous administration, including the deployment of U.S. Air Force AWACS to the peninsula in 1979, during the Yemen crisis, and again during the Iran-Iraq war. It is shaped by recent Soviet gains in the region, particularly in South Yemen and Ethiopia, and by Soviet aggression in Afghanistan. It is affected significantly by the chaos in Iran.

But we are also very aware of Israeli concerns regarding the proposed Saudi arms sale. We are taking steps to alleviate these concerns, and are determined to maintain the qualitative edge that is vital to Israel's security. We strongly confirmed our commitment to Israeli security directly to Prime Minister Begin during his recent visit.

But as central as a strong and secure Israel is to the prospects for peace in the region, the security of Saudi Arabia is also critical. We cannot allow the concerns of our friends about each other deter our own plans to extend strategic cooperation with them any more than we can allow these concerns to diminish our commitment to their own security. We are required to develop a strategy which is based on cooperation with all our friends. By working closely with all of them, however, we hope to demonstrate the great benefits to be achieved through negotiation and cooperation, and remain convinced that this is the best road -- the only road -- to peace in the area. We are committed to Israeli security. And to the extent that Saudi Arabia is strengthened in its own security, so is that of the region as a whole, including Israel. We are concerned about Saudi security, and the present proposal is an indication of just how deep that commitment runs.

But the real issue before us here is not just the security of Israel, or the security of Saudi Arabia, but the security of the United States.